

**BEFORE THE
WORLD TRADE ORGANIZATION
APPELLATE BODY**

United States - Section 211 Omnibus Appropriations Act of 1998

(AB-2001-7)

**APPELLEE SUBMISSION OF
THE UNITED STATES**

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I. INTRODUCTION

1. While the EC has appealed almost every finding of the Panel in this dispute,¹ the EC's appeal boils down for the most part to two main issues. First, the EC is dissatisfied with how the Panel weighed the evidence before it, particularly as to the operation of various U.S. laws and regulations, and wants the Appellate Body to step in and reweigh that evidence. This effort should fail because, as the United States explains below, the Panel's assessment of the evidence is not within the mandate of appellate review and, even had the EC alleged a breach of Article 11 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* ("DSU"), the Panel's assessment, far from being "unobjective", is absolutely accurate. Second, the EC maintains, against all proof to the contrary, that the TRIPs Agreement and the Paris Convention require that whoever registers a trademark be regarded as the owner, notwithstanding the system of trademark ownership adopted under domestic law. This interpretation is directly contrary to the language of both agreements and would, in fact, enshrine the EC system of ownership based on trademark registration as the only WTO-consistent system, even though the TRIPs Agreement was deliberately drafted to encompass both that system and a system like the U.S. system, which is based on use. It would also directly contradict a long-standing and well-established doctrine against giving domestic effect to foreign confiscations.

2. The EC is wrong on both of these issues, and therefore the EC's appeal should fail. The Appellate Body should, with one exception, uphold the Panel findings challenged by the EC.²

3. In this submission, the United States responds to each of the EC's allegations of error in the order in which they are presented in the EC's appellant submission, with the exception that the discussion on trade names and section 211(a)(2) is presented immediately after the U.S. response with respect to section 211(a)(2) generally.

II. THE PANEL WAS CORRECT IN FINDING THAT SECTION 211(a)(1) IS CONSISTENT WITH THE TRIPS AGREEMENT

A. Section 211(a)(1) Is Not Inconsistent with Article 2.1 of the TRIPs Agreement Together with Article 6 *quinquies* of the Paris Convention.

4. The Panel correctly concluded that Article 6 *quinquies* A(1) of the Paris Convention does not require Members to accept for filing and protect without question all trademarks duly registered in their country of origin. Rather, Article 6 *quinquies* is a limited "national treatment plus" provision which requires that such foreign trademarks be accepted for filing and protected in their original form even though, because of that form, they would not otherwise be eligible for protection under domestic law.³ The scope of Article 6 *quinquies* A(1) is limited, then, to the

¹ The only issues which the EC did not appeal were its two claims with respect to the obligation to protect well-known marks under Article 6 *bis* of the Paris Convention.

² That exception is the Panel's finding that the TRIPs Agreement does not cover trade names.

³ Panel Report, paras. 8.71 - 8.83.

form of the trademark. The Panel demonstrated that this reading was consistent with the ordinary meaning of the terms in Article 6 *quinquies*, both in English and in French, in their context and in light of the Paris Convention’s object and purpose, consistent with the customary rules of treaty interpretation reflected in the Vienna Convention on the Law of Treaties. The Panel confirmed its interpretation through voluminous historical materials it requested from WIPO, dating from the inception of the Paris Convention. All of these materials, without exception, were unanimous in supporting the Panel’s interpretation of Article 6 *quinquies*.

5. The EC stands alone in opposing this interpretation, steadfastly asserting that, under Article 6 *quinquies*, Members do not have the right to question the foreign registrant’s claim to ownership of the trademark.⁴ But the EC has rendered this position untenable by conceding the obvious: that the Paris Convention does not obligate Members to give effect to a foreign confiscation with respect to assets, such as intellectual property rights, located in their territories.⁵

6. The Panel correctly found Article 6 *quinquies*’ requirement that trademarks duly registered abroad be accepted for filing and protected “as is” – in the authentic French, “telle quelle” – is a requirement that relates only to the form of the trademark: “the form of the trademark should be accepted ‘as is’ by the authorities of ‘the other countries of the Union’”.⁶ The EC argues that the Panel erred in interpreting “as is” or “telle quelle” as referring to the form of the trademark, but makes no serious effort to address the Panel’s analysis of the ordinary meaning of the text of this provision, merely asserting that, “under no circumstances” can the phrase be read to be limited to form.⁷ However, the Panel correctly pointed out that “as is” and “telle quelle” refer to the word “trademark”, and mean “as in the existing state, things being what they are,” and “à l’état naturel *sans arrangement; sans modifications*.”⁸

7. Having disregarded the Panel’s analysis of the ordinary meaning of Article 6 *quinquies*, the EC merely asserts, with no analysis, that “‘as is’ refers to the trademark as such, encompassing all of its features.”⁹ But even the EC’s unsupported assertion does not show that the term “as is” extends the scope of Article 6 *quinquies* beyond matters of form, nor does the EC offer any explanation of how its assessment does extend the scope. Presumably, the EC is asserting, as it did before the Panel, that Article 6 *quinquies* requires a Member to register all trademarks registered in the country of origin even if the registrant is not the owner of the

⁴ EC Appellant Submission, para. 51; Panel Report, para. 8.71.

⁵ Panel Report, para. 8.83 n.127.

⁶ Panel Report, para. 8.77.

⁷ EC Appellant Submission, para. 50.

⁸ Panel Report, para. 8.76 (emphasis in original), citing the *New Shorter Oxford Dictionary*, p. 123, and *Le Robert Dictionnaire de la Langue Francaise*, p. 199.

⁹ EC Appellant Submission, para. 51.

trademark under the Member's domestic law, for example, because the registrant stole the trademark. The EC's assertion does not, however, rebut the Panel's finding that "as is" refers to the form of the trademark, including all of its physical features. To the contrary, the Panel is properly giving a meaning to the important words "telle quelle", whereas the EC's interpretation would simply read those words out of the provision entirely.

8. Second, the Panel confirmed its textual interpretation by analyzing the context of the provision, including Article 6 *quinquies* C(2), Article 6, paragraphs 1 and 3, and Article 2 of the Paris Convention.¹⁰ The EC disputes only the Panel's discussion of Article 6 as context.¹¹ The Panel noted that, under Article 6, each country determines the conditions for filing and registration of trademarks, and that registration in the country of origin is not required for acceptance in other countries. Reading Article 6 *quinquies* as requiring registration and protection of all trademarks duly registered in their country of origin would, the Panel correctly said, "reduce the effectiveness of Article 6 beyond the bounds of the reasonable".¹² The EC calls this statement "inaccurate and irrelevant", because Article 6 *quinquies* is limited to the "registration stage" and that afterwards, the trademarks are "fully independent."¹³ The EC's argument does not logically follow, because Article 6 itself focuses on the "registration stage" and reserves to national authorities the right to set the conditions for filing and registration. Further, it is disingenuous for the EC to claim that Article 6 *quinquies* is limited to the "registration" stage, since that Article requires Members to "accept for filing and protect" such trademarks. The Panel was correct that Article 6 *quinquies* is a limited exception to Article 6, and was correct to find that the ordinary meaning of Article 6 *quinquies* is supported in part by this context.

9. Third, the EC argues that the Article 6 *quinquies* B exceptions to the Article 6 *quinquies* A(1) registration and protection requirements "refer to various elements going well beyond form." However, underlying Article 6 *quinquies* is an assumption that the applicant is the owner. The exceptions in Article 6 *quinquies* B would only be implicated if the applicant were the owner, and if registration were required because of the "national treatment plus" requirement as to form found in Article 6 *quinquies* A(1). The fact that these exceptions may extend beyond form simply means that Article 6 *quinquies* A(1) only relieves the trademark from meeting national requirements relating to form, and not those relating to factors set forth in Article 6 *quinquies* B.

10. Fourth, the EC only highlights the weaknesses of its argument when, at paragraph 56, it suggests that the existence of fully supportive factual historical documentation actually detracts

¹⁰ Panel Report, paras 8.78 - 8.80.

¹¹ EC Appellant Submission, para. 53.

¹² Panel Report, para. 8.79.

¹³ EC Appellant Submission, para. 53; Panel Report, paras. 8.78 - 8.80.

from the Panel's correct analysis of the provision.¹⁴ Under the rules of treaty interpretation articulated in Article 32 of the Vienna Convention, such supplementary means of interpretation are appropriately used to confirm the meaning resulting from an analysis of the text, in its context, and in light of the object and purpose of the agreement. And, contrary to the EU's assertions, those documents do confirm the intentions of the negotiators to do precisely what Article 6 *quinquies* says: to limit the ability of Members to reject foreign registered trademarks on the grounds that they do not comply with domestic rules as to form.¹⁵ That this impartial factual information fully supports the Panel's analysis in no way detracts from the accuracy of that analysis. Further, while the EC criticizes these documents for being "almost half a century old",¹⁶ it ignores the fact that the documents relate to an agreement which is "almost half a century old": The TRIPs Agreement incorporates the obligations of the 1967 Paris Convention, and the documentation provided by WIPO is concurrent with that agreement and with its predecessors.

11. In sum, the Panel correctly concluded that, because section 211(a)(1) is a measure that regulates ownership and does not deal with the form of the signs of which a trademark is composed, it is not inconsistent with Article 6 *quinquies* A(1) of the Paris Convention¹⁷

12. Finally, even if the EC were right and the Panel were wrong that Article 6 *quinquies* A(1) extends to matters beyond the form of the trademark, section 211(a)(1) would fall within the exceptions laid out in Article 6 *quinquies* B, as discussed in section II.B.2 below.

B. Section 211(a)(1) Is Not Inconsistent with Article 15 of the TRIPs Agreement.

13. The Panel's finding that section 211(a)(1) is consistent with Article 15 of the TRIPs Agreement is based on one legal conclusion and one factual finding. The legal conclusion was that Article 15 sets out which signs or combination of signs are eligible for registration as trademarks (Article 15.1), but specifically provides that the registration of eligible trademarks can be refused on any "other grounds" that do not derogate from the provisions of the Paris Convention (Article 15.2).¹⁸ Since the Panel accurately found that nothing in the Paris Convention dictates substantive criteria for ownership, the Panel concluded that nothing in Article 15 prevents a Member from denying a trademark registration to persons that do not meet the ownership criteria contained in domestic legislation.¹⁹ The Panel's factual finding was that

¹⁴ This documentation is summarized in the Panel Report, para. 6.1.

¹⁵ Panel Report, para. 8.53.

¹⁶ EC Appellant Submission, para. 58.

¹⁷ Panel Report, para. 8.83.

¹⁸ Panel Report, para. 8.49.

¹⁹ Panel Report, para. 8.56.

section 211(a)(1) is a measure that deals with ownership of trademarks, in that, for trademarks used in connection with assets that were confiscated, one must be, or have the consent of, the original owner of the asset that was confiscated in order to register that trademark as the proper owner of that trademark.²⁰

14. On the basis of this sound legal conclusion and well-supported factual finding, the Panel correctly concluded that section 211(a)(1) is domestic legislation “that requires the applicant to be the owner of a trademark or have its consent or be a successor-in-interest as a condition for filing and registration and therefore comes within the purview of ‘other grounds’ as set out in Article 15.2.” Therefore, the Panel concluded, section 211(a)(1) is not inconsistent with Article 15 of the TRIPs Agreement.

15. The EC requests that the Appellate Body reverse both the Panel’s finding that section 211(a)(1) deals with ownership issues and its legal conclusion that Article 15 does not prohibit Members from granting trademark registrations to those who are not owners of the trademarks whose registration is sought. The Appellate Body should do neither.

1. The Appellate Body should uphold the Panel’s findings as to the meaning of section 211(a)(1).

16. The Panel, after carefully considering the evidence and arguments presented by the parties, determined that section 211(a)(1) “addresses the rights of a person registering a trademark to assert an ownership interest in the trademark concerned.”²¹ As the Panel found, under section 211(a)(1), the authorities examine whether, in cases where the trademark in question was used in connection with confiscated assets, the applicant is the proper owner or has the consent of the original owner or his successor.²² Section 211 is an articulation of the long-standing judicial doctrine, recognized uniformly in virtually every jurisdiction, that sovereign nations are not required to recognize or give effect in their own territories to claims of right based on foreign confiscations.²³ This is a doctrine that developed as the Paris Convention was being negotiated and revised, and was well established at the time the TRIPs Agreement was negotiated. Neither of these agreements overturned this doctrine, and the EC has denied that it is seeking to do so.²⁴

²⁰ Panel Report, para. 8.60.

²¹ Panel Report, para. 8.60.

²² Panel Report, para. 8.60.

²³ Panel Report, paras. 4.151 - 4.155.

²⁴ Panel Report, para. 8.83 n. 127; Answers of the European Communities and their Member States to the Panel’s Questions after the First Meeting, February 5, 2001, Response to questions 43 - 45.

17. Pointing to various aspects of section 211, the EC argued to the Panel that section 211 does not have to do with ownership, but curtails the use of an asset by its recognized legal owner.²⁵ The Panel considered this view of the evidence and rejected it, considering that, although section 211(a)(1) has the practical effect of denying registration or renewal, it does so because the registrant is not the owner, and not to curtail the use of the trademark by its legitimate owner.²⁶

18. In its appeal, the EC does no more than repeat the same arguments and submit the same evidence that it submitted to the Panel, and which the Panel, upon weighing the evidence, rejected. The EC alleges that the Panel's "assessment was . . . erroneous",²⁷ but in fact the EC is only expressing its disagreement with the way the Panel assessed the evidence before it and is asking the Appellate Body to step into the shoes of the Panel and to reassess the evidence.

19. As the Appellate Body recognized in *India – Patent*, a panel's review of a Member's domestic law is a question of fact.²⁸ In that dispute, the Appellate Body noted with approval that the panel had not interpreted the Indian law as such, but, rather, had reviewed the law to determine whether it was WTO-consistent. Here, the questions the EC raises concerning the meaning of Section 211 are no less questions of fact.

20. The Appellate Body's mandate under Article 17.6 of the DSU is limited to issues of law covered in the panel report and legal interpretations developed by the panel. As the Appellate Body noted in *European Communities – Hormones*,²⁹ "findings of fact, as distinguished from legal interpretations or legal conclusions, by a panel are, in principle, not subject to review." A panel does have an obligation, under Article 11 of the DSU, to "make an objective assessment of the matter before it, including an objective assessment of the facts of the case". Whether the panel has made an objective assessment of the facts before it, as required by Article 11, is a legal question. But, for it to fall within the scope of appellate review, it must be "properly raised on appeal."³⁰ In its notice of appeal, the EC notices only "certain issues of law and legal interpretations developed by the Panel Report". Furthermore, nowhere in its Appellant Submission does the EC mention Article 11 or properly raise an allegation that the Panel failed to

²⁵ Panel Report, para. 8.59.

²⁶ Panel Report, para. 8.59.

²⁷ EC Appellant Submission, para. 62.

²⁸ *India – Patent Protection for Pharmaceutical and Agricultural Chemical Products*, WT/DS50/AB/R, adopted 19 December 1997, paras. 65 - 66, citing *Case Concerning Certain German Interest in Polish Upper Silesia* [1926], PCIJ Rep., Series A, No. 7, at 19.

²⁹ *EC Measures Concerning Meat and Meat Products (Hormones)*, adopted February 13, 1998, WT/DS26/AB/R, WT/DS48/AB/R, para. 132.

³⁰ *Id.*

meet its Article 11 obligations. Therefore, the findings of the Panel with respect to the meaning of section 211(a)(1), which are based on extensive evidence presented to the Panel, are not within the mandate of this appeal. The Appellate Body should reject this and each of the other EC challenges to the factual findings of the Panel with respect to the meaning of section 211 and other U.S. laws and regulations.

21. While the EC has not alleged that the Panel failed to fulfill its duty under Article 11 of the DSU, even, accepting for purposes of argument, it had done so, the Appellate Body has been clear that

in view of the distinction between the respective roles of the Appellate Body and panels, we have taken care to emphasize that a panel's appreciation of the evidence falls, in principle, "within the *scope of the panel's discretion as the trier of facts*". [FN 139]. (emphasis added) In assessing the panel's appreciation of the evidence, we cannot base a finding of inconsistency under Article 11 simply on the conclusion that we might have reached a different factual finding from the one the panel reached. Rather, we must be satisfied that the panel has exceeded the bounds of its discretion, as the trier of facts, in its appreciation of the evidence.³¹

FN 139: Appellate Body Report, *Korea – Taxes on Alcoholic Beverages* ("Korea – Alcoholic Beverages"), WT/DS75/AB/R, WT/DS84/AB/R, adopted 17 February 1999, paras. 161 and 162.

22. The United States will discuss below whether the EC has met this standard. First, however, it should be noted that the EC's sole argument against the Panel's finding that section 211 deals with trademark ownership – that it denies registration to those that are not the proper owners under U.S. law – is that section 211 does not relate to the "transfer or cessation of an asset" and does not "give" the trademark to anyone else.³² In a related point raised in connection with section 211(a)(2), the EC asserts, at paragraph 83 of its submission, that section 211(a)(1) does not "allocate" ownership, but merely constitutes a defense in the hands of a person accused of trademark infringement.

23. The EC's argument is both irrelevant and misleading. The Panel found that section 211(a)(1) prevents certain persons who are not owners of a trademark from registering that trademark.³³ This is the only relevant issue: whether section 211 blocks registration of trademarks by owners, or whether it blocks the registration of trademarks by persons who are not the owners. If the latter, as the Panel found, then section 211(a)(1) addresses ownership. Whether section 211 then goes on to affirmatively allocate or "give" the trademark to someone

³¹ *United States – Definitive Safeguard Measures on Imports of Wheat Gluten From the European Communities*, WT/DS166/AB/R, adopted January 19, 2001, para. 151.

³² EC Appellant Submission, paragraph 64.

³³ Panel Report, para. 8.60.

else is irrelevant. Section 211(a)(1) is no less about “ownership” of the trademark simply because it identifies who is not the owner, without legally assigning ownership to another.

24. Further, it is not surprising or unusual, despite the EC’s implications to the contrary at paragraphs 84 and 85 n.27, that a person accused of trademark infringement might use the lack of ownership by the claimant as a defense, without necessarily having the court decide that the accused infringer is the owner of the mark and regardless of whether the original owner is even a party to a dispute. In an infringement action, the defense is always available that the plaintiff does not have standing to sue because it is not the owner. This is so, regardless of whether the defendant can show that the defendant is the owner.³⁴ The EC’s observations on this point simply have no relevance to the issue at hand.

25. In addition, section 211(a)(1) certainly does not prevent the original owners, who used the trademark in connection with the assets that were later confiscated, from asserting ownership. When the EC asserts, at paragraph 67, that the “consent” requirement is simply a curtailment to the continued enjoyment of an existing trademark, it ignores the very situation targeted by section 211. This is the situation in which an entity confiscates a business or assets, and then tries to lay claim to the associated trademark in the United States over the objection of, or unbeknownst to, the original owner who was deprived of such business or assets by the confiscation.

26. Finally, the EC selectively quotes, at paragraph 67, the “unequivocal language” of a U.S. district court as support for its contention that the consent requirement is a curtailment to the continued enjoyment of an existing trademark. The language omitted from the EC’s citation is underscored below:

This statute limits the registration and renewal of, and the assertion of trademark and trade name rights in, marks that were used in connection with property confiscated by the Cuban government³⁵

Contrary to the EC’s selective reading, the court’s brief description suggests – by referring to “confiscated property” and its associated marks – that section 211 is directed at the effect of confiscations abroad on ownership of U.S. trademark rights.

27. In addition to being irrelevant and misleading, the EC’s argument asks the Appellate Body to put weight on one supposed fact – that section 211(a)(1) does not “give” ownership to anyone, but only denies it – that the Panel chose not to give it. But weighing these different aspects of section 211 in determining what section 211 does is within the scope of the Panel’s discretion, and should only be overturned if the Panel exceeded the bounds of its discretion under DSU Article 11 – even had the EC alleged that the Panel failed to fulfill its duty under this

³⁴ Second Oral Statement of the United States, March 7, 2001, para. 45. For instance, a defense that the registration was obtained fraudulently would defeat ownership, but would not allocate it to the defendant. See section 1115(b)(1) of the Lanham Act (Exhibit US-33).

³⁵ *Havana Club Holdings, S.A. v. Galleon S.A.*, 62 F.Supp.2d 1085, 1091 (S.D.N.Y. 1999) (Exhibit EC-8, page 42).

article.

28. In sum, the Panel was correct in finding that section 211(a)(1) denies registration of trademarks to those not owning them.

2. The Appellate Body should uphold the Panel’s legal conclusion that Article 15 of the TRIPs Agreement does not prevent Members from denying registration to those who do not own the trademark.

29. The Panel correctly concluded that neither the TRIPs Agreement nor the Paris Convention contains criteria for trademark ownership, but instead leaves those criteria to the domestic laws of the Members, subject to TRIPs disciplines.³⁶ In other words, subject to TRIPs disciplines, a Member may prohibit a person from registering a trademark that, under domestic laws, that person does not own. The Panel further concluded that, while Article 15.1 of the TRIPs Agreement specifies the “form of the signs that are eligible for registration as trademarks”, Article 15.2 makes clear that Article 15.1 does not prevent Members from denying registration of a trademark on “other grounds”, provided that the other grounds for such denial are not inconsistent with (“do not derogate from”) the obligations of the Paris Convention.³⁷ Applying the rules of interpretation reflected in the Vienna Convention, the Panel concluded that “other grounds” refers to any ground not inconsistent with the Paris Convention, including the ground that the registrant is not the owner of the trademark. The Panel considered and rejected the EC’s argument that “other grounds” consist solely and exclusively of grounds that are specifically set out in the TRIPs Agreement and the Paris Convention.³⁸

30. The EC appears to concede that the Panel’s interpretation is consistent with the ordinary meaning of Article 15.2, but states that the context of the provision in the light of its object and purpose indicate that, under Article 15.2, a denial of registration must be based on specific provisions identified by the EC as relating to registration.³⁹

31. What the EC fails to acknowledge is that its reading of Article 15.2, unlike the Panel’s, is directly contrary to the ordinary meaning of the terms. Further, neither Article 15.2’s context nor the object and purpose of the TRIPs Agreement suggest that a different reading is appropriate. Article 15.2 does not refer to any specific grounds – set forth in the Paris Convention or otherwise – on the basis of which registration can be or must be denied. Instead, as the Panel noted, it uses the term “other grounds” (other, that is, than the form of the trademark which is defined in Article 15.1), and adds only the general proviso that those grounds not derogate, or

³⁶ Panel Report, para 8.56.

³⁷ Panel Report, para. 8.50, 8.53.

³⁸ Panel Report, para. 8.54.

³⁹ EC Appellant Submission, para. 72.

take away from, the obligations – Article 15.2 does not state which obligations – of the Paris Convention.⁴⁰ This is open-ended language, the plain meaning of which is that any ground for denying registration is acceptable, provided that there is no Paris Convention obligation from which the ground derogates. The EC has not identified – and cannot identify – any Paris Convention obligations that would be left unfulfilled by denying trademark registration to a person that does not own the trademark. Further, as the Panel explained, the EC’s interpretation would require the Panel to read into Article 15.2 references to specific provisions that are not there.⁴¹

32. Further, the EC’s interpretation cannot be reconciled with other TRIPs Agreement provisions. The EC asserts that Article 15.2 only permits Members to deny registration based on “those exceptions that are expressly foreseen in the Paris Convention.”⁴² But the EC then identifies specific TRIPs Agreement provisions which it contends are included within these exceptions, such as the requirement to refuse registration of a trademark consisting of a geographic indication under certain circumstances⁴³ and the right to require compliance with reasonable procedures.⁴⁴ If Article 15.2 permits Members to refuse registrations based only on specific provisions of the Paris Convention, as the EC contends, then it apparently does not permit Members to do what they are required or permitted to do under the TRIPs Agreement. Such an interpretation is obviously erroneous.

33. The EC also argues that Article 15.2 should be interpreted “narrowly” because it is an “exception.”⁴⁵ In fact, Article 15.2 does not appear as an exception at all, but merely as a clarification of the scope of Article 15.1. Even so, the Appellate Body has considered and rejected the EC’s proposed approach in other contexts:

[M]erely characterizing a treaty provision as an “exception” does not by itself justify a “stricter” or “narrower” interpretation of that provision than would be warranted by examination of the ordinary meaning of the actual treaty words, viewed in context and in the light of the treaty’s object and purpose, or, in other words, by applying the normal rules of treaty interpretation.⁴⁶

⁴⁰ Panel Report, para. 8.53.

⁴¹ Panel Report, para. 8.54.

⁴² EC Appellant Submission, para. 72 (EC’s emphasis).

⁴³ TRIPs Agreement Articles 22.3 and 23.4, subject to transitional exceptions under Article 24.5.

⁴⁴ TRIPs Agreement Article 62.1. EC Appellant Submission, para. 73; Panel Report, para. 8.54.

⁴⁵ EC Appellant Submission, para. 73.

⁴⁶ Appellate Body Report on *EC Measures Concerning Meat and Meat Products (Hormones)*, adopted February 13, 1998, WT/DS26/AB/R, WT/DS48/AB/R, para. 104.

There is thus no basis for modifying or reversing the Panel’s correct interpretation of Article 15.2 based on the notion that it must be interpreted “narrowly.”

34. In addition, that the object and purpose of the TRIPs Agreement is to promote the effective and adequate protection of intellectual property rights also does not change the plain meaning of the terms in Article 15.2. In any case, given that the Paris Convention leaves ownership criteria to the domestic laws of the Members, denying trademark registration to those not owning the trademark in no way interferes with the effective and adequate protection of intellectual property rights. To the contrary, allowing non-owners to register trademarks would undercut the rights of trademark owners.

35. Finally, as it did before the Panel, the EC raises the specter that interpreting Article 15 according to the ordinary meaning of its terms in their context will render the disciplines in Article 15.1 “obsolete”.⁴⁷ It relies on a vague example of a Member refusing the registration of Coca Cola, based on the Coca Cola Company’s unsuitability as a registrant “for whatever reason” or based on the lack of consent by Pepsi Cola.⁴⁸ As the Panel pointed out, however, the TRIPs Agreement and the Paris Convention have “national treatment and most-favoured-nation treatment and other safeguards” that apply to a Member’s ownership decisions.⁴⁹ The EC completely ignores this point. These are significant disciplines on the kind of abuse that the EC hints at in its “Coca Cola” example.

36. In any case, the Panel correctly refused to base its interpretations on unspecified, but allegedly dire, “consequences”. Section 211 does not represent a case of “Coca Cola” being denied registration “for whatever reason.” Section 211 represents a denial of registration to persons who are claiming ownership of an asset based on an uncompensated confiscation, and the Panel correctly found nothing in the TRIPs Agreement that requires the United States to recognize such persons as owners. Further, speculation as to unspecified dire consequences does not justify creating obligations that simply do not exist under the TRIPs Agreement, such as the purported obligation, invented by the EC, to register and protect any trademark by any person, regardless of whether that person qualifies as a trademark owner.

37. The EC argues, in the alternative, that even if Article 15.2 of the TRIPs Agreement does not prohibit Members from denying registration on ownership grounds, Article 6 *quinquies* A(1) of the Paris Convention does.⁵⁰ The United States has already shown above that the Panel was correct in interpreting Article 6 *quinquies* A(1) as only preventing Members from denying certain registrations on the grounds that their form does not comply with domestic rules. It does not prevent Members from denying those registrations on the grounds that the registrant is not the

⁴⁷ EC Appellant Submission, para. 74.

⁴⁸ EC Appellant Submission, para. 74.

⁴⁹ Panel Report, para. 8.56.

⁵⁰ EC Appellant Submission, para. 78.

owner of the trademark.

38. However, even if, accepting for purposes of argument, Article 6 *quinquies* A(1) were read to require Members unquestioningly to accept for filing and protect any trademarks duly registered abroad in the country of origin, regardless of whether the registrant is the proper owner under domestic law, Article 6 *quinquies* B would provide exceptions to these obligations. Contrary to the EC's belief,⁵¹ two of these exceptions would cover the situations represented by section 211.

39. The first exception is that registration of trademarks may be denied or invalidated "when [the trademarks] are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed."⁵² To the extent that the original owner of a confiscated asset, who used a trademark in connection with that asset, has rights that would be impaired if the entity which confiscated the asset could acquire ownership of the mark in the United States, it is consistent with Article 6 *quinquies* B of the Paris Convention to deny registration by the confiscating entity, unless the original owner consents.

40. The second exception is that registration may be denied if the trademarks are contrary to public order ("ordre public" in the authentic French text). There is a long line of judicial decisions, detailed at great length before the Panel,⁵³ in which courts have found that giving domestic effect to foreign confiscations with respect to domestic assets is contrary to *ordre public*. If Article 6 *quinquies* A(1) can be read to extend beyond matters of trademark form – and the United States believes the Panel was correct to conclude that it can not – then, in the extraordinary case of foreign confiscations, the United States is justified in denying registration in the situations covered by section 211 for reasons of *ordre public*.

41. In sum, the Panel's conclusion that section 211(a)(1) is consistent with the TRIPs Agreement is correct, and should be upheld by the Appellate Body.

III. THE PANEL WAS CORRECT IN FINDING THAT SECTION 211(a)(2) IS CONSISTENT WITH ARTICLE 16.1 OF THE TRIPS AGREEMENT, AS WELL AS THE NATIONAL TREATMENT AND MOST-FAVORED-NATION PROVISIONS OF THE TRIPS AGREEMENT AND THE PARIS CONVENTION.

42. As in the case of section 211(a)(1), in challenging the Panel's conclusions with respect to section 211(a)(2), the EC faults both the Panel's factual findings with respect to U.S. domestic laws and regulations, and the Panel's interpretations of the relevant provisions of the TRIPs Agreement and the Paris Convention. The EC therefore asks the Appellate Body to reverse the

⁵¹ EC Appellate Submission at 78.

⁵² Article 6 *quinquies* B(1) of the Paris Convention.

⁵³ Panel Report, paras. 4.151 - 4.155.

Panel's findings that section 211(a)(2) is not inconsistent with Article 16.1 and the National Treatment and Most Favored Nation provisions of the TRIPs Agreement.⁵⁴ The Appellate Body should reject this request.

A. The Appellate Body Should Not Overturn the Panel's Factual Findings in this Dispute.

43. As in the case of section 211(a)(1), the EC is asking the Appellate Body to second-guess the Panel's appreciation of the facts in this dispute. However, Article 17.6 of the DSU limits the scope of appellate review to "issues of law covered in the panel report and legal interpretations developed by the panel." Furthermore, the EC has not alleged that the Panel failed to fulfill its duty under DSU Article 11 to make an objective assessment of the facts. Even if the EC had made this allegation, as the Appellate Body noted in *Japan – Varietals*, "not every failure by the Panel in the appreciation of the evidence before it can be characterized as failure to make an objective assessment of the facts as required by Article 11 of the DSU."⁵⁵

44. The EC's citation to *India – Patent Protection*⁵⁶ is not to the contrary. In that dispute, the issue was whether the Panel had erred by making a legal interpretation of India's municipal law, instead of treating it as a fact to be established. The Appellate Body noted the jurisprudence to the effect that "municipal laws are merely facts which express the will and constitute the activities of States",⁵⁷ and found that the Panel had not interpreted India's law "as such", but had only examined it to determine compliance with India's WTO obligations. In other words, the panel had correctly avoided treating its examination of municipal law as a question of law.

45. The EC has not alleged, and cannot credibly allege, that the Panel failed to make an objective assessment of section 211(a)(1). Even if it had made such an allegation, however, it would fail. Far from being contrary to the Panel's obligation to objectively assess the facts, the Panel's findings were entirely accurate, and were based on a thorough examination of the evidence before the Panel. The EC's arguments to the contrary are either incorrect or irrelevant.

46. First, the EC argues that the Panel weighed and assessed the evidence incorrectly in

⁵⁴ The Panel found only that section 211(a)(2) is inconsistent with Article 42 of the TRIPs Agreement, a finding that is the subject of the U.S. other appellant submission.

⁵⁵ *Japan – Measures Affecting Agricultural Products*, WT/DS76/AB/R, adopted March 19, 1999, para. 140, citing *EC Measures Concerning Meat and Meat Products (Hormones)*, adopted February 13, 1998, WT/DS26/AB/R, WT/DS48/AB/R, para. 133.

⁵⁶ *India – Patent Protection for Pharmaceuticals and Agricultural Chemical Products*, WT/DS50/AB/R (AB-1997-5), adopted January 16, 1998.

⁵⁷ *Id.*, para. 65, citing *Case Concerning Certain German Interest in Polish Upper Silesia* [1926], PCIJ Rep., Series A, No. 7, at 19.

determining that section 211 is a measure that addresses the ownership of trademarks.⁵⁸ Just as it did in connection with section 211(a)(1) – discussed in section II.A.1 above – the EC ascribes significance to its assertion that under section 211, courts do not “allocate ownership”, but merely determine that the plaintiff is neither the owner, nor possesses rights derived from the owner.⁵⁹ In so doing, the EC ignores the fact that this is frequently the case in infringement actions, regardless of whether Section 211 is involved. A defendant in an infringement action is always entitled to defend against an infringement action on the grounds that the plaintiff is not the owner of the trademark, and derives no rights from the owner. If true, the court will dismiss the plaintiff’s case – even if the defendant is also not the owner, and has not derived any rights from the owner. In this situation, the court does not “allocate ownership” to either party. Nevertheless, the plaintiff’s case is dismissed on grounds relating to ownership. Thus, the EC makes no relevant distinction between “ownership” cases involving section 211 and other such cases.

47. In this connection, it is significant that the EC has not appealed the Panel’s findings with respect to whether section 211(a)(2) is inconsistent with Article 6 *bis* of the Paris Convention. That Article concerns in part whether Members have to accept confiscating entities as the owners of well-known marks. The Panel found that nothing required Members to recognize the confiscating entity as the owner of the trademark, and that the competent authority of the WTO Member may consider the well-known trademark to be the mark of the person who owned the trademark prior to confiscation.⁶⁰ The Panel further noted that section 211(a)(2) “relates to a situation where rights are being asserted by the confiscating entity or its successor-in-interest without the consent of the original owner.” The Panel therefore found that nothing in section 211(a)(2) prevented U.S. courts from providing protection to “the person who is considered the proper owner of a confiscated well-known trademark under U.S. law, i.e., the original owner, its successor-in-interest or the person who has the consent of the original owner or the successor-in-interest.”⁶¹ This finding, not appealed by the EC, recognizes that section 211(a)(2) does address ownership issues.

48. Second, the EC states that it is only under the provisions of the Lanham Act, of which section 211 does not form a part, that a registrant of a federal trademark can be removed from the register, “thus extinguishing his trademark.”⁶² As an initial matter, the United States believes that this is a new factual allegation that was never presented to the Panel and is therefore not properly before the Appellate Body. Not surprisingly, the Panel made no finding in this regard.

⁵⁸ EC Appellant Submission, para. 83.

⁵⁹ EC Appellant Submission, paras. 82 - 85.

⁶⁰ Panel Report, para. 8.120.

⁶¹ Panel Report, para. 8.120.

⁶² EC Appellant Submission, para. 88.

However, even had the EC presented this argument at the appropriate time, it is untrue. U.S. trademark law is not codified in a single place in the U.S. Code, and there are many provisions of U.S. law affecting the ability of persons to register trademarks or maintain such registration that are not found in the Lanham Act. Further, whether the United States chooses to include provisions on trademark ownership or on defenses to infringement claims in the Lanham Act or elsewhere is entirely irrelevant to whether those provisions comply with the TRIPs Agreement. Article 1.1 of the TRIPs Agreement allows Members to determine the appropriate method of implementing the Agreement within their own legal system and practice. In sum, the EC's argument is inaccurate, is based on evidence not presented to the Panel, and is irrelevant.

49. Third, in paragraphs 89 - 98 of its Appellant Submission, the EC addresses several alleged differences it sees between section 211 and the well-established judicial doctrine that sovereign nations may refuse to give domestic effect to foreign confiscations. It concludes that the Panel's "repeated qualification of Section 211 as being an ownership measure is erroneous."⁶³

50. It is not at all clear why any supposed differences between section 211 and the doctrine of non-recognition of foreign confiscations have any bearing whatsoever on the EC's assertion that section 211 is not an ownership measure. In any event, the EC's arguments are wrong.

51. First, in paragraphs 90 - 91, the EC asserts that, when a foreign confiscation occurs, under the principle of non-recognition of foreign confiscations, the original owner can continue to own its trademarks or trade names in the United States. Because the original owner continues to own those assets, argues the EC, "there is no scope for a reasonable application of section 211." This conclusion is wrong. First, the premise of this argument directly contradicts the EC's position in this dispute. If a foreign company owns a trademark in the United States on the basis of use, and the foreign company is later confiscated, the EC's view is that the new owners could, on the basis of a home country registration, require the United States to "accept for filing and protect" the trademark registration of the new owners.⁶⁴ The United States would, according to the EC, not be able to deny the registration on the grounds that the confiscating entity is not the legitimate owner of the trademark in the United States. Therefore, contrary to the EC's assertions, it is by virtue of both section 211 and the doctrine of non-recognition that the confiscating entities could be prevented from registering and asserting ownership of the trademark. Thus, it is simply wrong to claim, as the EC does in paragraph 92, that section 211 "covers fundamentally different situations and necessarily presupposes that the 'original owner' is not the owner of the US trademark or trade name concerned." To the contrary, section 211 and the doctrine of non-recognition both point to the same result. This is a result that the EC apparently concedes is correct, but a result which is foreclosed by the EC's interpretation of the TRIPs Agreement.

52. Nor is it relevant to the discussion of section 211 and the judicial doctrine of non-recognition of foreign confiscations whether the "original owner" has abandoned the trademark.

⁶³ EC Appellant Submission, para. 97.

⁶⁴ Under Article 6 *quinquies* A(1) of the Paris Convention. See Panel Report, para. 8.71.

The EC offers no evidence that, under the judicial doctrine, the original owner would ever be found to have “abandoned” a trademark (*i.e.*, if its associated asset were taken from him), or, if he were found to have abandoned it, whether that would make any difference to the application of the judicial doctrine.

53. Second, the EC completely misconstrues the nature of trademarks when it argues that section 211 might apply where the U.S. trademark is not identical, but only similar, to the pre-confiscation trademark used in connection with the pre-confiscation assets (implying, with no evidence or foundation, that this is not the case with the judicial doctrine). A trademark owner’s rights in a trademarks can be infringed, not just by identical trademarks, but also by similar trademarks. Indeed, Article 16.1 of the TRIPs Agreement requires that owners of registered trademarks be granted the exclusive right to prevent those not having the owner’s consent from using signs which are identical or similar to those in respect of which a trademark is registered.

54. Finally, the EC repeats the same view it presented to the Panel that section 211, because it specifically discusses confiscations in Cuba, “cannot be considered to be an incarnation of a general principle of US law disregarding the effects of foreign confiscation in relation to US assets.”⁶⁵ As the United States explained to the Panel, it is not uncommon for U.S. statutes to codify general principles with respect to a particular situation.⁶⁶ This does not mean that the judicial doctrine does not apply in other situations. In this respect, the United States notes that, based on evidence submitted to the Panel, the judicial doctrine of non-recognition of foreign confiscations has been applied with respect to the many countries in which the issue has arisen, including, Spain, France, Iran, Iraq, Czechoslovakia, the German Democratic Republic, and Hungary, among others.⁶⁷

55. To conclude on the subject of the judicial doctrine with respect to confiscations, the EC fails to show that there are differences between section 211 and that doctrine. Even if there were differences, however, that would not alter the fact that section 211(a)(2) deals with issues of ownership, nor would it have any bearing on whether this treatment is consistent with the TRIPs Agreement.

56. In sum, the Panel’s assessment of the facts in this dispute was entirely correct and objective, even had the EC challenged this factual finding pursuant to DSU Article 11. Having not done so, however, the EC has raised a subject not properly the subject of appellate review.

B. Section 211(a)(2) Is Not Inconsistent with Article 16.1 of the TRIPs Agreement.

⁶⁵ EC Appellate Submission, para. 95.

⁶⁶ Response of the United States to Questions from the Panel, February 5, 2001, response to question 24.

⁶⁷ See, e.g., First Submission of the United States to the Panel, paras 9 - 12.

57. Article 16.1 grants to “owners of registered trademarks” the exclusive right to prevent third parties from using identical or confusingly similar trademarks. The Panel correctly found nothing in section 211(a)(2) – and found that the EC had pointed to nothing – to suggest that this provision would prevent the owner of a trademark from asserting those rights.⁶⁸

58. The EC argues that the Panel, in making this finding, misapplied the “burden of proof” under *United States – Wool Shirts*.⁶⁹ In this connection, the EC’s quotation of the Panel’s finding is revealing. The EC quotes the Panel as stating that, “the European Communities has not provided any evidence to us that would enable us to conclude...”⁷⁰ The omitted continuation of this quotation is, “that U.S. courts would interpret section 211(a)(2) in a manner that would deprive a person, who has been determined by the court to be the owner of a registered trademark, of its exclusive rights.” In other words, the Panel concluded that the evidence which the EC submitted was not relevant to the legal question before it, and that the EC had therefore failed to prove its case. As the Panel correctly noted, the EC’s claim with respect to Article 16.1 was based on the alleged denial of access to U.S. courts, which the EC considered tantamount to denial of rights under Article 16.1.⁷¹ The Panel analyzed the issue of such access in the context of Article 42, concerning the availability to right holders of civil judicial procedures. The EC did not argue or present evidence that, assuming access to U.S. courts and assuming that a court has deemed a trademark claimant to be the trademark owner, section 211(a)(2) denies rights to that owner. The EC claims to have made such arguments, citing its submissions to the Panel, at paragraph 102, footnote 39, of its Appellant Submission, but very few of the cited paragraphs had anything to do with Article 16. In none of those paragraphs does the EC focus on whether, assuming ownership, section 211(a)(2) denies Article 16 rights to the owner.

59. In its Appellant Submission, the EC now submits arguments as to why it believes section 211(a)(2) is inconsistent with Article 16.1. However, the Appellate Body should ignore these arguments, because they do not address the issue that the EC has appealed: whether sufficient evidence was submitted to the Panel. A party must refer to the record before the panel to show that it met its burden, and not try to supplement the record on appeal.

60. In any event, the EC’s only substantive argument that section 211(a)(2) is inconsistent with Article 16.1 of the TRIPs Agreement is based on a fundamental misunderstanding of U.S. trademark law and of Article 16.1. The EC appears to start from the erroneous assumption – which the United States repeatedly corrected during the Panel proceeding and which the Panel specifically rejected – that the trademark registrant is necessarily the owner of the trademark,

⁶⁸ Panel Report, para. 8.111.

⁶⁹ *United States – Measures Affecting Imports of Woven Wool Shirts and Blouses*, WT/DS33/AB/R, AB-1997-1, adopted May 23, 1997, at p. 14.

⁷⁰ EC Appellant Brief, para. 102, partially quoting Panel report, para. 8.111 (EC emphasis).

⁷¹ Panel Report, para. 8.111.

either under U.S. law or under the TRIPs Agreement.⁷² Focusing on registration, and based on its erroneous view that ownership issues necessarily involve an “allocation” of rights, the EC concludes that there is no support for the Panel’s finding that under section 211(a)(2) “there may be a successful challenge concerning the *prima facie* ownership rights in relation to the registration.”⁷³ This is so, the EC concludes, because nothing is said about the fate of the registered trademark as far as its status on the register is concerned.⁷⁴

61. As the Panel has correctly observed, under a system in which trademark registration is not the same as trademark ownership, but only gives rise to a presumption of ownership, the status of the trademark registration itself is not dispositive of the issue of ownership.⁷⁵ There is no logical inconsistency under such a system in having a defendant successfully challenge a trademark registrant’s ownership of the trademark. There is nothing in Article 16.1 that would preclude such a result. In any case, the question of the “status” of a trademark registration is dealt with, not in section 211(a)(2), but in section 211(a)(1).

62. As described above, the EC’s suggestion that section 211 does not relate to ownership because it does not “allocate” ownership is in general without merit. It is specifically without merit when the EC asserts that section 211 does not affect a trademark’s “status on the register”. A defendant who successfully overcomes the registrant’s presumption of ownership, whether by section 211 or by other means, may decide to seek the cancellation of the registration, but nothing compels it to do so. Declining to seek cancellation does not make the defendant any less an owner of the trademark or the registrant any more of one.

63. The EC argues that “common sense” suggests that the “owner of a registered trademark” under Article 16.1 is necessarily the same person as the owner of the trademark.⁷⁶ The EC would read the rights under Article 16.1 as accruing, not to the “owner of the registered trademark”, but to the “registrant”. But this is not what Article 16.1 says. In addition, such a reading – which equates registration with ownership – ignores Article 16.1’s specific provision that Article 16 rights shall not prejudice existing prior rights, or Members’ ability to make rights available on the basis of use, which is the basis of the U.S. system. Far from being common sense, the EC’s reading of Article 16.1 is contrary to the specific language of Article 16.1.

64. In any case, based on the Panel’s analysis, it is clear that – whether or not the EC failed to present specific evidence – there is no basis for finding that section 211(a)(2) denies Article 16.1 rights to persons who are “owners of registered trademarks”. Even if there were, however, the

⁷² Panel Report, para. 8.64 n. 116.

⁷³ EC Appellant Submission, para. 107.

⁷⁴ EC Appellant Submission, para. 107.

⁷⁵ Panel Report, para. 8.109.

⁷⁶ EC Appellant Submission, para. 108.

United States submits, as it did before the Panel, that section 211(a)(2) would be covered by the TRIPs Agreement Article 17 exceptions to Article 16 as limited measures that take account of the legitimate interests of the owner of the trademark and of third parties.⁷⁷

C. Section 211(a)(2) Is Not Inconsistent with the National Treatment Provisions of the TRIPs Agreement and the Paris Convention.

65. The Panel correctly found that section 211(a)(2) does not provide more favorable treatment to U.S. nationals than it does to non-U.S. nationals, based on two factors:⁷⁸

(1) While non-U.S. nationals are prevented from successfully claiming ownership rights in confiscated trademarks by section 211(a)(2),

(2) U.S. nationals are also prevented from successfully claiming ownership rights in confiscated trademarks by the general prohibition in the OFAC regulations against U.S. nationals acquiring such ownership rights without a specific license.

The Panel also noted that, with respect to original owners, section 211(a)(2) does not accord less favorable treatment to foreign original owners than it does to original owners who are U.S. nationals.⁷⁹

66. The Panel found that the impediment with respect to U.S. nationals was based on OFAC's discretionary authority not to grant a licence to a U.S. national to register a confiscated trademark.⁸⁰

67. The EC claims that the Panel erred in its assessment of the regulations of the Office of Foreign Assets Control ("OFAC"). However, this is a question of fact beyond the scope of appellate review, and the EC has not alleged that the Panel failed to meet its obligations under DSU Article 11 in its fact-finding. Nevertheless, the Panel's painstaking and careful analysis of the complex OFAC regulations is correct, and even had the EC asserted such a failure, the Panel's finding should easily withstand challenge. The EC, unlike the Panel, has misread those regulations.

68. The heart of the EC's claim of error appears to be that the OFAC regulations only play a role – i.e., by imposing prohibitions subject to a licensing requirement – with respect to U.S.

⁷⁷ Panel Report, para. 8.105; First Submission of the United States to the Panel, December 21, 2000, paras. 74 - 82.

⁷⁸ Panel Report, paras. 8.133 - 8.138.

⁷⁹ Panel Report, para. 8.139.

⁸⁰ Panel Report, para. 8.135, 8.140.

assets owned by Cuba or Cuban nationals.⁸¹ Therefore, according to the EC, U.S. and other nationals are completely unaffected by OFAC licenses, and OFAC therefore plays no role in ensuring that U.S. nationals are not in the position of asserting ownership rights in confiscated trademarks. Since, according to the EC, U.S. nationals are, as a factual matter, free to register or enforce confiscated trademarks, without any constraints by OFAC, there is a violation of national treatment obligations.

69. The United States notes that this appears to be a new factual argument as to the meaning and application of the OFAC regulations, which the Appellate Body should not consider, under its Article 17.6 DSU mandate.

70. Nevertheless, the EC's view is based on a factual misreading of the OFAC regulations. OFAC regulations are very broad, and generally prohibit any transactions involving property in which a designated national has had "any interest of any nature whatsoever, direct or indirect" since July 8, 1963.⁸² It is untrue that they only play a role in relation to U.S. assets owned by Cubans or Cuban nationals, as the EC asserts at paragraph 115.

71. Moreover, the EC argument appears to rest on an examination of the treatment of "original registrants." The EC suggests that while, at the "level" of successors in interest, the OFAC regulations would in fact cover U.S. nationals, this is not the case for "original registrants."⁸³ In so doing the EC disregards the Panel's finding that, "in respect of original owners, Section 211(a)(2) does not accord treatment less favourable to foreign original owners than it accords to original owners who are US nationals."⁸⁴ This is obvious: the treatment provided for in Section 211 is never applicable if the original owner consents. Thus, regardless of whether the "original registrant" is a U.S. national, a Cuban national or any other national, it is in a position to consent to its own assertion of rights under the circumstances set forth in section 211(a)(2).

72. In addition, the EC asserts, "Whether or not a US trademark or trade name is the same or substantially similar to a trademark or trade name used in connection with a business or assets that were confiscated is entirely irrelevant in the context of Section 515.201 CACR."⁸⁵ From this, it appears to conclude that U.S. nationals are unaffected by CACR and OFAC requirements, even if the trademark involved is the same as or substantially similar to a confiscated

⁸¹ EC Appellant Submission, paras. 115 - 116.

⁸² 31 CFR Section 515.201 (Exhibit US 1).

⁸³ EC Appellant Submission, para. 115.

⁸⁴ Panel Report, para. 8.139.

⁸⁵ EC Appellant Submission, para. 116 (emphasis in original).

trademark.⁸⁶ Again, it is the Panel which is correct, and not the EC in its new factual arguments on appeal. 31 C.F.R. 515.201 applies to transactions which “involve property in which a foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever direct or indirect.”⁸⁷ This broad coverage would include a trademark the same as or similar to a confiscated trademark.

73. In fact, then, under the OFAC regulations, the Panel was absolutely correct to find that U.S. nationals were covered by OFAC licensing requirements.

74. Having failed to show that OFAC regulations do not cover U.S. nationals, the EC states that there is no evidence that OFAC would treat U.S. nationals in the same way as other nationals, and claims that it is up to the United States to demonstrate that OFAC would, in each and every factual situation, make decisions in an even-handed fashion.⁸⁸

75. The EC has it backwards. The EC has the burden of demonstrating a breach of the national treatment obligation. Because the EC’s case depends upon adverse assumptions as to how the U.S. executive branch will exercise its discretion, the EC has failed to make its *prima facie* case that section 211(a)(2), on its face, violates national treatment obligations. As the Panel correctly noted, where, under challenged legislation, the executive branch has the discretion to act consistently or inconsistently with WTO Agreements, that legislation cannot be found to be inconsistent as such, but only as applied.⁸⁹ The Appellate Body stated in *Chile – Alcoholic Beverages* that panels should not presume that Members will act inconsistently with their WTO

⁸⁶ EC Appellant Submission, para. 117.

⁸⁷ 31 C.F.R. 515.527 (emphasis added), Exhibit US-1. Please note that the EC’s annex does not, in all instances, accurately restate the actual regulations. In this connection, the United State notes that, in the version of section 515.201 of the OFAC regulations that the EC has annexed to its Appellant Submission, the EC has omitted key language. Under section 515.201(a), transactions are prohibited, absent an OFAC license, if they are by or on behalf of a designated national (the part the EC includes), but also if (and the EC omits the underscored language):

such transactions involve property in which a foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever direct or indirect.

⁸⁸ EC Appellant Submission, para. 123.

⁸⁹ Panel Report, para. 8.136, citing *United States – Antidumping Act of 1916*, WT/DS136/AB/R, WT/DS162/AB/R, adopted 26 September 2000, para. 88; *United States -- Measures Affecting the Importation, Internal Sale and Use of Tobacco*, adopted 4 October 1994, BISD 41S/131 (“U.S. – Tobacco”); *Thailand -- Restrictions on Importation of and Internal Taxes on Cigarettes*, DS10/R, adopted November 7, 1990, BISD 37S/200, 227, para. 84 (“Thailand -- Cigarettes”); *EEC -- Regulation on Imports of Parts and Components*, adopted 16 May 1990, BISD 37S/132 (“EEC -- Parts”); *United States -- Taxes on Petroleum and Certain Imported Substances*, L/6175, adopted June 17, 1987, BISD 34S/136, 160, paras 5.2.1 - 5.2.2.

obligations, saying “[t]his would come close to a presumption of bad faith.”⁹⁰ In this context, any requirement that the United States demonstrate how OFAC will exercise its discretion consistently with the WTO Agreements “in each and every factual situation”, as the EC argues is required,⁹¹ is contrary to the well-established principle on discretionary legislation and amounts to an impossible burden which improperly presumes bad faith.

76. As a final note, the United States argued to the Panel that, even if U.S. nationals were in the position of trying to enforce a confiscated trademark, they would find themselves faced with the judicial doctrine against the recognition of foreign confiscatory measures.⁹² The Panel made no factual findings on this issue, since it decided that U.S. nationals would not find themselves in such a position.

D. Section 211(a)(2) Is Not Inconsistent with the MFN Obligations of the TRIPs Agreement.

77. The Panel correctly found that section 211(a)(2) is not inconsistent with Article 4 of the TRIPs Agreement because it prevented all nationals – whether Cuban or not, and whether U.S. or not – from successfully asserting ownership rights in trademarks used in connection with confiscated assets.⁹³ The Panel further found that, with respect to original owners, nothing in section 211(a)(2) limits the class of original owners based on nationality.⁹⁴

78. The EC claims not to understand how this conclusion squares with the language of section 211(a)(2). It claims that, “at the level of original owners” – ignoring successors in interest – it is only Cuba and Cuba nationals that are affected, and that this creates, per se, an MFN violation.

79. The EC is wrong. The Panel correctly found that the class of original owners is not limited under Section 211(a)(2) based on nationality; all are covered.⁹⁵ Section 211(a)(2) provides that U.S. courts will not recognize, enforce, or otherwise validate assertions of ownership by designated nationals in “such a confiscated mark, trade name or commercial name”. “Such” is a reference to the trademarks described in section 211(a)(1), which are those

⁹⁰ *Chile – Taxes on Alcoholic Beverages*, adopted January 12, 2000, WT/DS87/AB/R, WT/DS110/AB/R, para. 74.

⁹¹ EC Appellant Submission, para. 123

⁹² First Submission of the United States to the Panel, December 21, 2000, para. 101.

⁹³ Panel Report, para. 8.146.

⁹⁴ Panel Report, para. 8.147.

⁹⁵ Panel Report, para. 8.147.

confiscated trademarks registered without the consent of the “original owner” of the mark. Therefore, contrary to the EC’s assertions at paragraph 128 of its submission, section 211(a)(2) would not prevent a Cuban “original owner” from enforcing its own registered trademark. If the original owner registered the trademark, he necessarily did so with his own consent, i.e., the consent of the original owner, and section 211(a)(2) would not apply. The same is true of any original owner of whatever nationality. The Panel was therefore correct to find that section 211(a)(2) does not deny Cuban nationals of any advantage, favor, privilege or immunity accorded other foreign nationals.⁹⁶

80. If the EC means to argue that there is discrimination with respect to the entity that confiscated the assets in Cuba, this argument is baseless. It was only Cuban entities that confiscated those assets; entities of other nationalities are not relevant with respect to the initial confiscation. However, where entities of other nationalities do become relevant to this issue is where they become successors-in-interest to the confiscating entity, in which case they are covered by section 211(a)(2). Thus, the Panel was correct when it found that “[i]f the confiscating entity or its successors-in-interest, irrespective of whether they are Cuban or other foreign nationals, do not have the consent of the original owner, they cannot assert any rights based on common law rights or registration to the trademarks that were used in connection with confiscated assets.”⁹⁷

81. The United States notes in this respect that the Panel’s analysis was based on the EC’s claim of an MFN breach in relation to the Cuban confiscation, and was without prejudice to the findings that might have been made had a broader Article 4 claim been made.⁹⁸

82. The United States did submit evidence to the Panel that the approach taken by section 211 with respect to Cuban confiscations is not different from the general approach to all confiscations. However, since the EC’s claim was limited to MFN treatment vis-a-vis confiscations in Cuba, the Panel made no findings on this point.

IV. THE APPELLATE BODY SHOULD NOT FIND THAT SECTION 211(a)(2) IS INCONSISTENT WITH ANY TRIPS AGREEMENT OBLIGATIONS WITH RESPECT TO TRADE NAMES.

83. The EC argues, at paragraph 20 of its Appellant Submission, that the Panel erred in finding that Members do not have an obligation under the TRIPs Agreement to provide protection to trade names. The EC then argues that the Appellate Body should complete the

⁹⁶ Panel Report, para. 8.148.

⁹⁷ Panel Report, para. 8.146 (emphasis added).

⁹⁸ Panel Report, para. 8.145; Response of the European Communities and their Member States to Panel Questions, March 14, 2001, response to question 80.

analysis not undertaken by the Panel and find that section 211(a)(2)⁹⁹ is inconsistent with TRIPs trade name obligations. The United States agrees with the EC that the Panel erred in finding that the TRIPs Agreement contains no obligations with respect to trade names. Neither the EC nor the United States made any such argument before the Panel and, indeed, the United States asked the Panel to reconsider its finding in the interim review stage of the proceeding.¹⁰⁰ Contrary to the Panel's assertion that "trade names are not a category of intellectual property rights covered by the TRIPs Agreement," Article 2.1 of the TRIPs Agreement identifies trade names (protected under Article 8 of the Paris Convention) as a category of intellectual property covered "[i]n respect of Parts II, III and IV" of the TRIPs Agreement. The Panel's finding, if upheld, would render this specific identification of trade names in the Paris Convention a nullity.

84. The United States does not agree, however, that the Appellate Body should complete the analysis that the Panel did not undertake with respect to trade names. Further, if the Appellate Body were to complete the analysis, it should conclude that section 211(a)(2) is not inconsistent with any TRIPs Agreement or Paris Convention obligations relating to trade names.

A. The Appellate Body Should Not Complete the Panel's Analysis with Respect to Trade Names.

85. In past disputes, the Appellate Body has completed panels' analyses upon reversing panel findings such that an issue remained unresolved, but has recognized that it can only do so to the "extent possible on the basis of the factual findings of the Panel and/or of undisputed facts in the Panel record."¹⁰¹

86. In this dispute, the Panel examined U.S. law thoroughly with respect to trademarks and trademark registrations – specifically how ownership of trademarks is determined and the presumptions that a trademark registrant is entitled to – and made its decision with respect to trademarks on the basis of these findings. By contrast, the Panel made no findings whatsoever on how trade name ownership is established, or whether the issue of registration or non-registration of trade names affects the rights of the person asserting ownership of a trade name. A specific example is the Panel's findings with respect to Article 42 and trademarks, which were based in significant part on the Panel's finding that trademark registration gave rise to a presumption of trademark ownership under U.S. law, a fact that the Panel deemed significant to its legal finding. There are no such factual findings with respect to trade names.

⁹⁹ The EC's arguments under section 211(b) will be considered in the following section.

¹⁰⁰ Panel Report, para. 7.4; Submission of the United States requesting interim review, June 18, 2001.

¹⁰¹ *Canada – Certain Measures Affecting the Automotive Industry*, WT/DS139/AB/R, WT/DS142/AB/R, adopted June 19, 2000, quoting *Australia – Measures Affecting the Importation of Salmon* Appellate Body Report, WT/DS18/AB/R, adopted 6 November 1998, para. 223.

87. Because there are insufficient factual findings with respect to trade name protection in the United States, the Appellate Body should decline to complete the analysis not undertaken by the Panel in this dispute with respect to trade names.

B. If the Appellate Body Decides to Complete the Analysis, it Should Find That Section 211(a)(2) Is Not Inconsistent with Any TRIPs Agreement Obligation with Respect to Trade Names.

88. If, in spite of the lack of factual findings with respect to the U.S. law on trade name protection, the Appellate Body decides nevertheless to complete the analysis, it should find that section 211(a)(2) is not inconsistent with any trade name obligations under the TRIPs Agreement and the Paris Convention.

1. Section 211(a)(2) is not inconsistent with the trade name obligations in Article 2(1) of the TRIPs Agreement, together with Article 8 of the Paris Convention.

89. The EC is incorrect in asserting that section 211(a)(2) is inconsistent with trade name obligations contained in Article 2.1 of the TRIPs Agreement, together with Article 8 of the Paris Convention.

90. The obligations of Article 8 are straightforward. A Member has to offer some protection to trade names, without the requirement of filing or registration and regardless of whether it forms part of a trademark:

A trade name shall be protected all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark.

Article 8 does not impose any requirements on the scope of protection, other than, through Article 2, the requirement of national treatment. According to supplementary material provided to the Panel by WIPO, this provision was aimed at preventing a situation in which, because a company lost a trademark in connection with its goods, it was also deemed to have lost rights to its trade name.¹⁰² The obligations reflected in this Article are therefore modest: a country cannot cancel a trade name simply because the trademark of which it forms a part is lost. Section 211(a)(2) does not violate this obligation: U.S. provisions concerning trade names do not depend in any way on any corresponding trademark. For this reason alone, section 211(a)(2) does not violate Article 8 of the Paris Convention.

91. Further, however, section 211(a)(2) does not deny protection to trade names. Section 211(a)(2) simply states that an entity that expropriates a business in Cuba cannot assert ownership rights to the name of that business in the United States. The EC is correct in noting, at

¹⁰² Panel Report, para. 6.33.

paragraph 42 of its Appellant Submission, that Article 8, unlike the trademark provisions in Article 16, does not establish specific “rights conferred” but gives the Members a choice of how to grant this protection. It is incorrect, however, to assert that section 211(a)(2) violates Article 8 because it “denies any protection”. Section 211(a)(2) does not deny all protection; it simply identifies certain persons – *i.e.*, confiscating entities and their successors – who cannot successfully assert ownership of the trade name.

2. Section 211(a)(2) is not inconsistent with the obligation of fair and equitable enforcement procedures under Article 42 of the TRIPs Agreement with respect to trade names.

92. Contrary to the arguments of the EC at paragraphs 44 - 46, the Appellate Body cannot simply conclude, on the basis of the Panel’s findings concerning the availability of judicial procedures to trademark registrants, that section 211(a)(2) violates Article 42 with respect to trade names. First, as the U.S. Other Appellant submission has shown, the Panel’s decision with respect to Article 42 and trademarks is erroneous and should be reversed by the Appellate Body.

93. Further, however, the Panel’s erroneous conclusions with respect to trademarks were based on its belief that section 211(a)(2) limited the availability of judicial procedures to trademark registrants. The Panel regarded trademark registrants as right holders because they are “presumptive owners” under U.S. law.¹⁰³ There is no evidence of registration of trade names under U.S. law, and therefore no “presumptive owner” of the trade name whose access to civil judicial procedures is being limited.

3. Section 211(a)(2) is not inconsistent with the MFN or national treatment obligations of the TRIPs Agreement or the Paris Convention with respect to trade names.

94. For the reasons set forth in the Panel Report at paragraphs 8.123 - 8.148, and as discussed above in sections III.C and D with respect to trademarks, section 211(a)(2) is not inconsistent with the MFN or national treatment obligations of the TRIPs Agreement or the Paris Convention with respect to trade names.

V. THE PANEL WAS CORRECT IN FINDING THAT THERE IS INSUFFICIENT EVIDENCE THAT SECTION 211(b) IS INCONSISTENT WITH THE TRIPS AGREEMENT.

95. In this section, the United States argues, first, that the Panel was correct to find that the EC had not submitted sufficient evidence to establish a *prima facie* case with respect to section

¹⁰³ Panel Report, para. 8.99.

211(b). The United States then argues that, making the assumption that section 211(b) and section 211(a)(2) are “similar” and operate in “parallel”,¹⁰⁴ section 211(b) is not inconsistent with the TRIPs Agreement. Because the EC argues that the TRIPs Agreement covers trade name obligations, and the United States does not dispute this contention, the U.S. arguments with respect to section 211(b) apply both to trademarks and to trade names.¹⁰⁵

A. The Panel Correctly Found That the EC Had Not Submitted Evidence Sufficient to Establish a *Prima Facie* Case That Section 211(b) Is Inconsistent with the TRIPs Agreement.

96. The Panel was correct to find that, under the standard enunciated in *Wool Shirts*, the EC, as complaining party, has not presented evidence and legal arguments sufficient to demonstrate the violation it alleges with respect to section 211(b). As the Appellate Body pointed out in *Japan – Varietals*,¹⁰⁶ a Panel is entitled to seek information from any source it chooses to understand and evaluate the evidence submitted and the arguments made by the parties, but it is not entitled to make the case for the complaining party.

97. Section 211(b) bears some structural similarity to section 211(a), in that both provisions provide that “[n]o U.S. court shall recognize, enforce or otherwise validate any assertion of” After that point, each provision goes on to describe different rights, generally in connection with confiscated trademarks. With respect to section 211(a), the rights are described in terms of trademark registrations obtained in connection with the OFAC regulations and common law rights. With respect to section 211(b), they are described as “treaty rights” under sections 44(b) or (e) of the Trademark Act. Thus the core element of what is not being “enforced, recognized or otherwise validated” is different as between section 211(a) and section 211(b).

98. The EC submitted significant information, evidence and argumentation concerning the OFAC regulations and what they meant in the context of section 211(a), and, specifically, what they meant in the context of a court not “enforcing, recognizing, or otherwise validating” rights based on a registration obtained under the OFAC regulations. As the Appellate Body itself can observe from the EC’s Appellant Submission and this Appellee submission, these were not straightforward matters, and involved considerable examination of a lengthy and detailed set of laws and regulations by the Panel to determine exactly what section 211(a) does.

99. By contrast, the EC submitted virtually nothing on the corresponding core element of section 211(b): what it is that is not being “enforced, recognized, or otherwise validated.” In its

¹⁰⁴ EC Appellant Submission, para. 134.

¹⁰⁵ With the exception of Article 16.1 of the TRIPs Agreement, which has no relevance to trade names.

¹⁰⁶ *Japan – Measures Affecting Agricultural Products*, WT/DS76/AB/R, adopted March 19, 1999, paras. 121 - 131.

first submission, the EC argued that it did not know what the provision meant, but offered some explanation “[b]y way of speculation” and some language from a court case.

100. As the Panel itself noted, at paragraph 8.157, the EC offered no evidence whatsoever on how to read the several undefined terms and cross-references in section 211(b). The Panel therefore correctly drew the straightforward conclusion that the EC had failed to meet its burden of establishing the alleged breaches.¹⁰⁷ Had it done otherwise, the Panel would have improperly made the EC’s case on its behalf. As the Panel noted, this would have put the Panel in the position of “speculating about the meaning of the various terms . . . and how they operate, a task [the Panel] is reluctant to undertake.”¹⁰⁸ The Panel also correctly noted that this also would have deprived the United States of the opportunity to respond.¹⁰⁹ The Panel’s findings were both correct and well-reasoned.

101. The United States specifically identified the EC’s failure to meet its burden in the first U.S. submission.¹¹⁰ Despite this specific notice, the EC did not, at any time in the course of the following six months – including two Panel meetings and a second submission – provide any more evidence than it had in its first submission.¹¹¹ Indeed, the EC did not even respond to the U.S. arguments on this point.¹¹²

102. The EC has only two arguments in response to the Panel’s finding, neither of which have any merit. First, the EC asserts that the United States agrees with the EC on the operation of section 211(b), so that the burden of proof is irrelevant.¹¹³ Second, the EC makes a partial argument in its Appellant Submission as to the meaning of section 211(b), and points to a court case decision concerning trade name protection under the Inter-American Convention.

103. With respect to the first point, the EC’s entire submission on section 211(b) consisted of (1) a recitation of the law; (2) a statement that the scope of section 211(b) is largely obscure, but was apparently intended to be “wide”; and (3) a statement that all of its arguments under section 211(a)(2) applied, “*mutatis mutandis*” to section 211(b) as well.

104. Under these circumstances, although the United States specifically complained that the

¹⁰⁷ Panel Report, para. 8.159.

¹⁰⁸ Panel Report, para. 8.158.

¹⁰⁹ Panel Report, para. 8.158.

¹¹⁰ Panel Report, para. 8.156.

¹¹¹ Panel Report, para. 8.157.

¹¹² Panel Report, paras. 4.258 - 4.262.

¹¹³ EC Appellant Submission, para. 135.

EC had not presented any evidence as to the operation of section 211(b),¹¹⁴ the United States, out of an excess of caution, responded in a manner parallel to the EC's cursory argumentation – by grouping section 211(a)(2) and section 211(b) together (“*mutatis mutandis*”). The United States was only preserving its rights by responding to the EC's arguments as best it could. It was not relieving the EC of its burden of proof in this dispute.

105. Second, the EC's attempt to explain its position on the operation of section 211(b) is still inadequate. Section 211(b) refers to rights under sections 44(b) and 44(e) of the Lanham Act that will not be “enforced, recognized, or otherwise validated”. Section 44(b) provides that certain persons will be entitled to the “benefits of this section under the conditions expressed herein” to the extent necessary to give effect to a convention or treaty relating to trademarks or trade names. But since the EC failed to present any evidence as to what the “benefits of this section” are, the Panel found it impossible to find that depriving persons of these benefits is contrary to TRIPs.¹¹⁵

106. The EC's sole response is that “it would appear obvious that the TRIPs Agreement constitutes a convention or treaty relating to trademarks, trade or commercial names . . .” But this fact, even if true, is irrelevant, because there is no indication that the specific “benefits” referred to – the only ones relevant under section 211(b) – constitute “benefits” to which a person is entitled under the TRIPs Agreement.

107. Further, the EC adds nothing to its argument by citing a judicial decision in which section 211(b) was invoked with respect to trade names. That case related to trade name rights under the Inter-American Convention, and had nothing to do with whether the “benefits” related in any way to TRIPs obligations, and had nothing to do with trademarks.

108. It does not appear, therefore, that the EC's substantive argument as to the operation of section 211(b), even now, establishes that section 211(b) in any way is inconsistent with the TRIPs Agreement.

109. This said, even if, accepting for purposes of argument, there were sufficient evidence with respect to section 211(b) – because one could simply assume that it is similar to section 211(a)(2) and because the two provisions operate “in parallel”¹¹⁶ – the Appellate Body should not find section 211(b) inconsistent with any provision of the TRIPs Agreement, for the reasons that follow.

B. Section 211(b) Is Not Inconsistent with Article 16.1 of the TRIPS Agreement.

110. In support of its appeal with respect to section 211(b) and Article 16.1 of the TRIPS Agreement, the EC simply cross-references its argument “made in relation to 211(a)(2) which

¹¹⁴ U.S. First Submission, para. 23.

¹¹⁵ Panel Report, para. 8.157.

¹¹⁶ EC Appellant Submission, para. 134.

applies fully to Section 211(b).”¹¹⁷ With respect to section 211(a)(2), the Panel found that the EC had not submitted sufficient evidence of a breach of Article 16.1 of the TRIPS Agreement. As discussed above, this finding was correct. Therefore, even if, accepting for purposes of argument, the EC had sustained its burden with respect to the meaning of section 211(b), the Appellate Body should still find that the EC did not sustain its evidentiary burden with respect to the alleged breach of Article 16.1. And even if the Appellate Body were to find that the EC did sustain its burden in both instances, it should still find that section 211(b) is not inconsistent with Article 16.1, for the reasons mentioned above in connection with section 211(a)(2).

C. Section 211(b) Is Not Inconsistent with Article 42 of the TRIPS Agreement.

111. The EC argues, at paragraph 149 of its submission, that the Panel undertook a selective consideration of the evidence. In this connection, the EC “mention[s]” the requirement for a Panel to carry out an objective assessment of the evidence before it, without specifically referring to DSU Article 11 or alleging that the Panel failed to observe its duty under that provision. The EC’s only arguments in support of this “selective consideration” are that (1) the Panel raised “doubts” about its own finding by suggesting that section 211(b) might raise similar concerns to section 211(a)(1); (2) the EC and the United States allegedly agree on the scope of section 211(b); and (3) the panel ignored a judicial decision with respect to trade names.

112. The EC’s arguments are wrong. First, the Panel had no “doubts” about its finding: it was merely reiterating that the EC had failed to present evidence that section 211(b) was inconsistent with TRIPS obligations.¹¹⁸ Second, as discussed above, the United States responded to the EC arguments out of an abundance of caution, and was not relieving the EC of its burden in this dispute. The United States was responding in kind to the EC’s vague allegations. Finally, the Panel did not ignore the court case. To the contrary, it specifically cited it and noted the EC’s argument with respect to it.¹¹⁹ However, it found that the language from the court decision did not explain what the Panel needed to know for purposes of this dispute: what the “rights” referred to in section 211(b) are, how they relate to specific TRIPS rights, and how section 211(b) infringes those rights.

113. Even assuming, *arguendo*, that section 211(a)(2) and section 211(b) are sufficiently “parallel”, such that there are sufficient uncontested facts for the Appellate Body to complete the analysis not undertaken by the Panel, the Appellate Body should conclude that section 211(b) is consistent with Article 42 of the TRIPS Agreement, for the same reasons as noted above, under section IV.B.2, as well as those reasons set forth in the U.S. Other Appellant Submission. This includes, in particular, that, even if there were an inconsistency with respect to trademarks, there

¹¹⁷ EC Appellant Submission, para. 147.

¹¹⁸ Panel Report, para. 8.162.

¹¹⁹ Panel Report, para. 8.157.

is no factual basis for finding an inconsistency with respect to trade names.

D. Section 211(b) Is Not Inconsistent with the Trade Name Obligations under Article 2.1 of the TRIPS Agreement Together with Article 8 of the Paris Convention.

114. For the reasons mentioned above with respect to section 211(a)(2), if the Appellate Body (1) were to reverse the Panel’s findings with respect to the trade name coverage of the TRIPS Agreement, and (2) reverse the Panel’s findings with respect to the EC’s failure to submit sufficient evidence on the meaning of section 211(b), then the Appellate Body should still not find that section 211(b) is inconsistent with Article 2.1 of the TRIPS Agreement together with Article 8 of the Paris Convention. Even with the EC’s new arguments, there is simply not a sufficient quantum of uncontested, relevant facts for the Appellate Body to reach any other conclusion.

115. The EC states, at paragraph 155, that section 44(b) of the Lanham Act, to which section 211(b) refers, expressly applies to trade names. As discussed above, section 44(b) of the Lanham Act refers to an entitlement to “benefits of this section”, subject to certain conditions (not explained by the EC) to the extent necessary to give effect to a convention or treaty relating to trademarks or trade names. The fact that trade names are mentioned does not overcome the lack of any evidence whatsoever as to what the benefits are that are supposedly not provided under section 211(b).

E. Section 211(b) Is Not Inconsistent with the National Treatment Obligations of the TRIPS Agreement and the Paris Convention.

116. This EC argument with respect to section 211(b) and national treatment obligations under the TRIPS Agreement and the Paris Convention is illustrative of the EC’s continued failure to present or properly cite evidence with respect to section 211(b), and to simply assume, incorrectly, that this section parallels section 211(a)(2) in such a way that arguments with respect to one are automatically applicable to the other. The EC’s sole argument with respect to section 211(b) and the national treatment obligations is to refer to its arguments under section 211(a)(2), because the two sections “operate in exactly the same manner.”¹²⁰

117. In fact, however, the EC’s argument with respect to section 211(a)(2) is based in significant part on its observation that section 211(a)(2) does not specifically mention U.S. nationals as “successors in interest”. As explained above, this is due to the involvement of OFAC in licensing decisions relevant to section 211(a)(1). Section 211(b), by contrast, specifically includes U.S. nationals as “successors in interest”.

118. This difference alone in the two provisions significantly undermines the EC’s assertion

¹²⁰ EC Appellant Submission, para. 157.

that its argumentation by cross-referencing is supportable and meaningful: its section 211(a)(2) argument is largely irrelevant to section 211(b).

119. Nevertheless, were the Appellate Body to conclude that the EC's arguments regarding section 211(a)(2) are germane to the analysis of section 211(b), the United States submits that its own arguments with regard to section 211(a)(2) would demonstrate that section 211(b) is not inconsistent with TRIPS Agreement and Paris Convention national treatment obligations.

F. Section 211(b) Is Not Inconsistent with the MFN Obligations of the TRIPs Agreement.

120. Again, for want of specific arguments from the EC with respect to MFN obligations under section 211(b), the United States refers the Appellate Body to its arguments in respect of section 211(a)(2), were the Appellate Body to conclude that the EC's arguments with respect to Article 211(a)(2) are germane to its analysis of section 211(b).

VI. CONCLUSION

121. For all of the above reasons, the United States respectfully requests that the Appellate Body uphold the Panel's findings and conclusions with respect to all of the issues raised by the EC in its Appellant Submission, with the exception of the Panel's finding that trade names are not a category of intellectual property covered by the TRIPs Agreement. If the Appellate Body reverses the Panel with respect to this finding, it should, nonetheless, not find sections 211(a)(2) and 211(b) inconsistent with any TRIPs obligations with respect to trade names.